

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Madam President, may I inquire what is the business before the Senate.

The PRESIDING OFFICER. The Senate is on the Defense authorization bill.

Mr. DODD. I thank the Chair.

Madam President, I have an amendment I have filed with the floor leadership on this bill dealing with Iran sanctions. It is called the Comprehensive Iran Sanctions, Accountability and Divestment Act for 2008. I want to share some thoughts about this proposal with my colleagues. I am fully cognizant that our friend from Michigan, Senator LEVIN, the manager of this bill, has a lot of amendments with which he is dealing. I don't know whether we will have a chance to actually vote on this bill, but I want to spend a few minutes talking about the importance of this amendment and its value.

Obviously, there is a lot going on today with the financial crisis in the country. As chairman of the Banking Committee, I will have more to say about that tomorrow. I have been having conversations with fellow committee members among others.

Today I want to talk about this issue specifically and then address an issue as well dealing with the devastation of Hurricanes Gustav and Ike and Tropical Storms Fay and Hanna that ripped through the Caribbean.

We are considering, of course, the Defense authorization bill. This proposal, adopted and developed by the Committee on Banking, Housing, and Urban Affairs in conjunction with my Republican colleague and friend, RICHARD SHELBY of Alabama, former chairman of the committee, would impose tough new sanctions on the Government of Iran, to authorize investors to divest from companies active in Iran's energy sector and to combat the proliferation of black market weapons networks overseas.

I am delighted to have my colleague, Senator SHELBY, as a sponsor of the amendment. In my view, we need a comprehensive strategy on Iran that builds our leverage within the context of a major new diplomatic push for meaningful negotiations.

Let me be clear. Sanctions against the Government of Iran are not an end unto themselves but, rather, one means of driving a resolution of the problem of Iran's apparent nuclear ambitions. The Europeans' recent decision to impose additional financial sanctions on Iran is a very positive development that exerts further pressure to that end. The approach embodied in the bill I am talking about this afternoon is targeted and strategic, maximizing the economic leverage of the United States, our partners and allies in Europe and elsewhere, and international investors, while avoiding the risk of a more indiscriminate approach.

The Banking Committee exercises jurisdiction over virtually all aspects of

U.S. financial and economic sanctions policy toward Iran, which can be summarized in three categories: No. 1, the U.S. trade and investment ban administered by the Treasury Department's Office of Foreign Assets Control; No. 2, sanctions against foreign companies that invest substantially in the energy sector, proceeds from which support Iran's proliferation or terrorism-related activities; and, No. 3, targeted financial measures, including freezing assets of individuals involved in that proliferation.

Last year, the committee conducted a hearing on the effectiveness of Iran sanctions. Working with the administration, the Banking Committee acted swiftly to strengthen the U.S. trade/investment ban, and ultimately we saw enactment in October of the International Emergency Economic Powers Enhancement Act. This new law holds violators of U.S. sanctions law accountable, adding, I might add, jail time and severe fines against those investing in Iran or other state sponsors of terror.

Also, last year, shortly after the House of Representatives acted on its version of Iran-related legislation, I then asked the majority leader, Senator HARRY REID, to expedite Senate consideration of various Iran-related bills. The leader, as you might expect, agreed and moved quickly. But we were unable to clear them completely on the other side of this Chamber, which I regret.

The Government Accountability Office then issued a report last December raising questions about whether our current sanctions regime against Iran furthers U.S. policy objectives and how they might be made more effective. Among other things, that report concluded that the ongoing illegal transshipment of sensitive dual-use technologies from often unwitting U.S. and other Western suppliers to countries such as Iran—sometimes through three or four levels of suppliers—is one very effective way around current U.S. sanctions.

In recent months, the Banking Committee refined and combined in one package various pieces of the Iran-related legislation, accommodating concerns of Members on both sides of the political aisle and those of the Bush administration. We now have a very streamlined bill that I hope will enjoy broad bipartisan support if I am given the opportunity to offer it on the Defense authorization bill. This streamlined version of this sanctions bill was reported out of the Banking Committee in July by a strong bipartisan vote of 19 to 2.

The missile tests that Iran conducted in July were provocative, and its persistent refusal to abide by United Nations Security Council demands—despite a host of sanctions already in place—is very troubling. Iran's behavior with respect to weapons proliferation, support for terrorism, destabilization of its neighbors, and threats

against our allies and interests demands a very serious response.

We only have a few weeks remaining in this legislative session. We will not return to actually legislate until late January of next year. I would hope we would find time, whether on this bill or some other vehicle, to enact, as I am confident we can, with a strong bipartisan vote, this Iran sanctions idea. This bill is one very important part of that response.

I again thank Senator SHELBY, my colleague, as well as other committee members, Republicans and Democrats, who worked together to pass this legislation. Senator EVAN BAYH of Indiana, Senator BROWNBACK of Kansas, Senators SMITH, DURBIN, LAUTENBERG, and others have worked very hard on the Iran issues and deserve a great deal of credit for the product we have been able to put together. I thank, as well, Senator OBAMA for his critical work on this Iran divestment legislation which, again, was adopted in a strong bipartisan fashion by the committee as part of its integrated bill.

Current U.N. Security Council sanctions against the Government of Iran have been extremely important, but I think we have an obligation to take measures, consistent with the objectives of the U.N. sanctions, to increase the leverage of the United States and our allies in a much more aggressive, diplomatic, and political initiative to bring Iran back to the table and ultimately persuade its Government to change its behavior.

Let me describe briefly the sanctions provisions.

First, the bill expands the definition of "person" under the Iran Sanctions Act to include financial institutions, underwriters, guarantors, and other business entities and extends the applicability of sanctions to oil and gas pipelines and tankers. It imposes a broad ban on imports directly from Iran to the United States and exports from the United States to Iran of those few items still able to be shipped while exempting food and medicines to Iran, certain informational materials, and aids to navigation designed for safe operation of commercial aircraft.

The bill also provides for a freezing of assets of those members of the diplomatic community or Iranian military who have been identified by the President of the United States as active in weapons proliferation or terrorist activity. The bill clarifies that U.S. entities that establish a subsidiary for the purpose of getting around U.S. sanctions laws can be held liable for the activities of their subsidiaries. The bill also increases funding to the Office of Terrorism and Financial Intelligence of the Treasury Department to ensure that the international financial system is not used by those who support terrorism or engage in proliferation-sensitive activities.

Finally, this bill imposes new requirements that the President actually make a determination and report every